



# House of Representatives

General Assembly

**File No. 130**

*January Session, 2007*

Substitute House Bill No. 6204

*House of Representatives, March 26, 2007*

The Committee on Energy and Technology reported through REP. FONTANA, S. of the 87th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING THE TAXATION OF TELECOMMUNICATIONS COMPANY PROPERTY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-80a of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2007*):

3 (a) Any (1) taxpayer which, prior to January 1, 1990, was subject to  
4 tax under chapter 211 with respect to the rendering of  
5 telecommunications service and which, on or after January 1, 1990, is  
6 subject to tax under chapter 219 for rendering telecommunications  
7 service and (2) other taxpayer that is subject to tax under chapter 219  
8 for rendering telecommunications service and which has elected in the  
9 manner specified in this section to have personal property taxed as  
10 provided in this section, shall be required to submit to the  
11 Commissioner of Revenue Services, [and] the Secretary of the Office of  
12 Policy and Management [,] and every municipality not later than the  
13 thirtieth day of November of each year during which it is subject to tax

14 under chapter 219, a list of all personal property on a town by town  
15 basis that is owned by such taxpayer in this state on the first day of  
16 October of such year and that is used solely and exclusively for  
17 rendering telecommunications service, as defined in said chapter 219,  
18 including the location of each item of such property and the fair  
19 market value thereof, recognizing depreciation of such property to the  
20 maximum extent allowed for purposes of the corporation business tax  
21 in this state, as certified by the Commissioner of Revenue Services. If  
22 the records of a taxpayer subject to the requirements of this subsection  
23 do not contain the data necessary to develop the list as required  
24 without undue cost, the taxpayer may, for purposes of requirements  
25 under this subsection, petition the Commissioner of Revenue Services  
26 for approval of an alternate method of determining the value of the  
27 plant used solely and exclusively to render telecommunications  
28 services, but not including central office or switching equipment of  
29 that taxpayer, located in each town in the state. If the commissioner  
30 finds that the alternative method proposed results in a reasonable  
31 approximation of the value of the property of the taxpayer located in  
32 each town and used solely and exclusively for rendering  
33 telecommunications service, the commissioner shall notify the  
34 taxpayer that the proposed alternate method is acceptable and the  
35 taxpayer shall be permitted to use the alternate method in developing  
36 the list required under this subsection.

37 (b) (1) Not later than the first day of February immediately  
38 following the end of such tax year, the Secretary of the Office of Policy  
39 and Management shall determine, with respect to such company, a  
40 value for personal property equivalent to seventy per cent of the value  
41 of personal property included in the list of such property prepared and  
42 certified in accordance with subsection (a) of this section. The amount  
43 of tax applicable with respect to such personal property of any  
44 taxpayer subject to the tax imposed under this section shall be  
45 determined by multiplying the value of personal property of such  
46 company, as determined under this subsection, by a mill rate of forty-  
47 seven mills. Said secretary shall, not later than the first day of March  
48 immediately following the end of such tax year, submit a tax bill to

49 each company stating the amount of tax payable to each town in  
50 relation to the personal property of such taxpayer located in such  
51 town. Such tax shall be due and payable to the town in which such  
52 personal property is located not later than the first day of April  
53 immediately following. Any city or borough not consolidated with the  
54 town in which it is located and any town containing such a city or  
55 borough shall receive a portion of the tax due and payable to such  
56 town on the basis of the following ratio: The total taxes levied in the  
57 previous fiscal year by such town, city or borough shall be the  
58 numerator of the fraction. The total taxes levied by the town and all  
59 cities or boroughs located within such town shall be added together,  
60 and the sum shall be the denominator of the fraction. Any such city or  
61 borough may, by vote of its legislative body, direct the Secretary of the  
62 Office of Policy and Management to reallocate all or a portion of the  
63 share of such city or borough to the town in which it is located.

64 (2) The tax collector of each town owed taxes under this subsection  
65 may, at such time as such tax becomes delinquent as provided in  
66 sections 12-146 and 12-169, subject such tax to interest at the rate of one  
67 and one-half per cent of such tax for each month or fraction thereof  
68 which elapses from the time when such tax becomes due and payable  
69 until the same is paid.

70 (c) With respect to tangible personal property included in the list of  
71 such property submitted to the Secretary of the Office of Policy and  
72 Management as provided in subsection (a) of this section, any taxpayer  
73 subject to the tax imposed under this section for any tax year shall not  
74 be subject to property tax in any town applicable to such personal  
75 property for the assessment year in such town commencing on the first  
76 day of October immediately preceding the date on which the tax  
77 determined with respect to such property in accordance with this  
78 section becomes due and payable.

79 (d) Any taxpayer that, on or after January 1, 1990, is subject to tax  
80 under chapter 219 for rendering telecommunications service but that,  
81 prior to January 1, 1990, was not subject to tax under chapter 211 for

82 rendering telecommunications service may elect to have personal  
 83 property taxed in the manner specified in this section. Such election  
 84 shall be made in writing and filed with the Secretary of the Office of  
 85 Policy and Management and a copy thereof shall be filed with the  
 86 assessor of each town in which personal property affected by such  
 87 election is located. Such election, once filed with the secretary, shall be  
 88 irrevocable and shall, if filed on or before the date that is two months  
 89 prior to the start of the assessment year, be effective for such  
 90 assessment year and for all succeeding assessment years, otherwise to  
 91 be effective for the next succeeding assessment year and all succeeding  
 92 assessment years.

93 (e) For assessment years commencing on or after October 1, 1997,  
 94 the provisions of this section, including informational reporting  
 95 requirements imposed on owners, shall also apply, to the extent  
 96 provided in section 12-80b, to property that is used both to render  
 97 telecommunications service subject to tax under chapter 219 and to  
 98 render community antenna television service subject to tax under  
 99 chapter 219 and that is required, under subsection (a) of section 12-80b,  
 100 to be taxed as provided in this section.

101 (f) Any municipality may examine the Office of Policy and  
 102 Management's or the Department of Revenue Services' audit of a  
 103 taxpayer's submission pursuant to subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2007	12-80a

**ET**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

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**OFA Fiscal Note****State Impact:**

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Policy & Mgmt., Off.; Department of Revenue Services	GF - None	None	None

Note: GF=General Fund

**Municipal Impact:**

Municipalities	Effect	FY 08 \$	FY 09 \$
Various Municipalities	Uncertain	See Below	See Below

**Explanation**

There is no fiscal impact to the Office of Policy and Management or the Department of Revenue Services to require telephone and telecommunications companies participating in the statewide system for personal property tax under 12-80a to submit lists of such property on a town-by-town basis.

Providing each town such a list and allowing municipalities to audit the information may result in municipal revenue increases or decreases, depending upon the outcomes of any audits.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 6204*****AN ACT CONCERNING THE TAXATION OF  
TELECOMMUNICATIONS COMPANY PROPERTY*****SUMMARY:**

By law, personal property owned by telephone companies is subject to property tax at a statewide mill rate, with the revenue distributed to the municipalities where the property is located. Other telecommunications companies can opt into this system. The companies must file a list of their properties with the Office of Policy and Management (OPM) and Department of Revenue Services (DRS).

The bill requires that the lists of property prepared by the participating companies break out their properties on a town-by-town basis. It requires the companies to submit their list to each municipality, in addition to OPM and DRS. The bill also allows any municipality to examine the audits of the companies' submissions conducted by OPM or DRS.

EFFECTIVE DATE: July 1, 2007

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable

Yea 21      Nay 0      (03/08/2007)